GOVERNMENT OF INDIA
SHIPPING, ROAD TRANSPORT AND HIGHWAYS
LOK SABHA

UNSTARRED QUESTION NO:2273
ANSWERED ON:29.08.2007
SETHUSAMUDRAM PROJECT
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Will the Minister of SHIPPING, ROAD TRANSPORT AND HIGHWAYS be pleased to state:

(a) whether the Sethusamudram Shipping Channel Project (SSCP) justify the public purpose as reported in `Economic Times' dated August 2, 2007;

(b) if so, the details thereof and the reaction of the Government thereto;

(c) whether the Government has conducted any assessment of the cost-benefit analysis of the Project before its commencement;

(d) if so, the details thereof;

(e) the detail of the total cost of Project; and

(f) the fund released and spent on the Project so far?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF SHIPPING, ROAD TRANSPORT AND HIGHWAYS (SHRI T. R. BAALU)

(a) to (f): The Government has taken note of the report published under the caption 'Sethusamudram project inspires debate on what is public purpose' in the Economic Times dated the 2nd August, 2007. The Sethusamudram Ship Channel Project envisages cutting of a channel to connect the Gulf of Mannar and Bay of Bengal through Palk Strait and Palk Bay so that ships moving between the east and west coasts of India could have a continuous navigable sea route within India`s own territorial waters. The project will lead to saving in navigational distance upto 424 nautical miles and the saving in time upto 30 hours. In addition to the above quantifiable benefits, the non-quantifiable benefits from the project include an increase in economic activity in the region resulting in employment opportunities and revenue generation for the Government and increase in coastal shipping activities in peninsular areas, apart from its strategic importance. The sanctioned Project Cost is Rs.2427.40 crores.

The Economic Internal Rate of Return from the project works out to 16.9 %. So far, an amount of Rs. 455.28 crores has been released as equity contribution for the project by the equity partners. The expenditure incurred upto August, 2007 is Rs. 283.53 crores (Provisional).